



Assessment to Tax Billing

Department of Local Government Finance

February 25, 2009



Who is the DLGF and what does it do?

- Commissioner Timothy J. Rushenberg
 - Oversees the operations of the Department and serves as a member of the Property Tax Replacement Fund Board and the Distressed Unit Appeals Board.
- Assessment Division
 - Promotes consistent assessing procedures across the state by providing guidance and technical instruction and securing compliance with the law to ensure fair and equitable assessment of property for taxpayers
- Budget Division
 - Works closely with local officials in preparing their annual budgets and provides recommendations to the Commissioner on matters related to budgets, rates, levies, exceptions to property tax controls and taxpayer exceptions to tax rate increases



Who is the DLGF and what does it do?

- **Communications Division**
 - Supports communications and public relations activities that serve to promote understanding of property tax assessment and local government budgeting by local officials and taxpayers.
- **Legal Division**
 - Drafts and publishes property tax assessment rules and interprets statutory law to ensure property tax assessments and local government budgeting are carried out in accordance with Indiana law and DLGF rules and regulations
- **Operations Division**
 - Researches and analyzes all areas of property taxation to ensure the fair and equitable distribution of the property tax burden



Who is the DLGF and what does it do?

- Ensures property tax assessment and local government budgeting follow Indiana law.
- Publishes property tax assessment rules.
- Annually reviews and approves tax rates and levies of every political subdivision including all counties, cities, towns, townships, school corporations, libraries and other entities with tax levy authority.
- TOP PRIORITY: ON TIME PROPERTY TAX BILLING – a joint effort with local county officials.



Who is the DLGF and what does it do?

■ Core Values

- Put taxpayers first.
- Respect local control.
- Excellence in all that we do.



Who is the DLGF and what does it do?

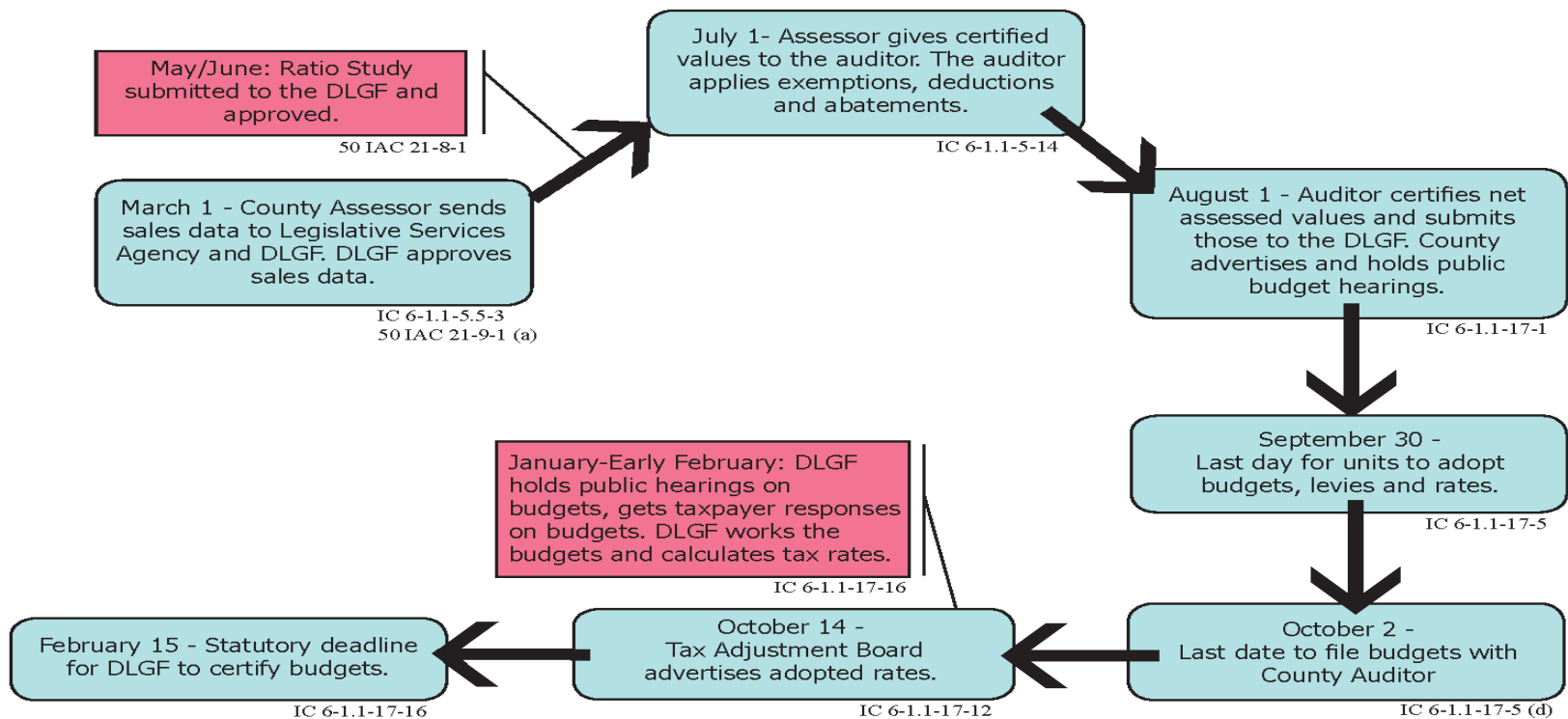
■ Core Competencies

1. Know Your Job
2. Work as a Team
3. Serve the Taxpayers
4. Enforce Assessment Standards
5. Make Sure Data Submission Deadlines are Met
6. Ensure Budget Processes are Followed and Levy and Rate Controls Enforced
7. Provide Guidance and Interpret Laws but Respect Local Control



What is the tax assessment to billing process, and who is involved?

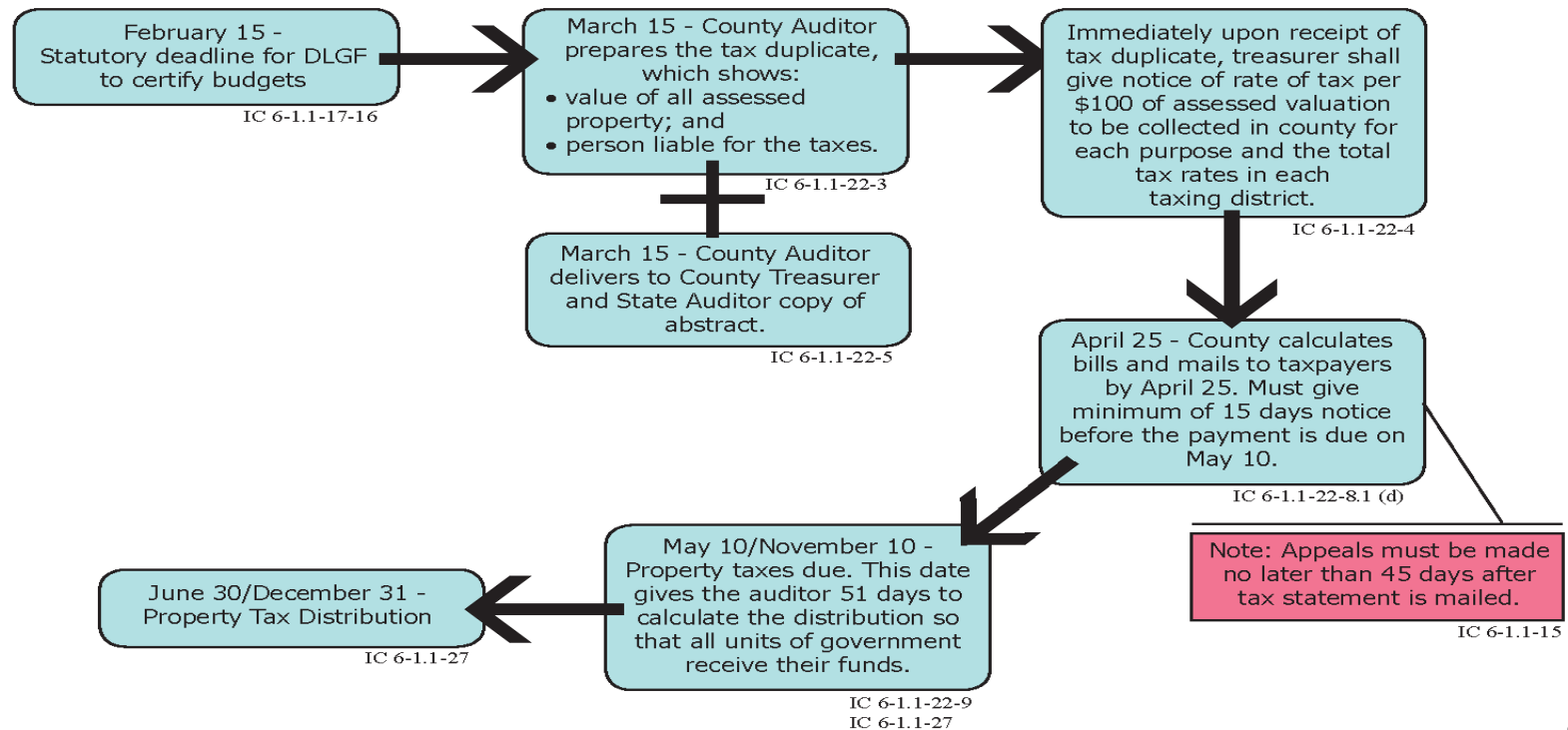
Assessment to Budget Process



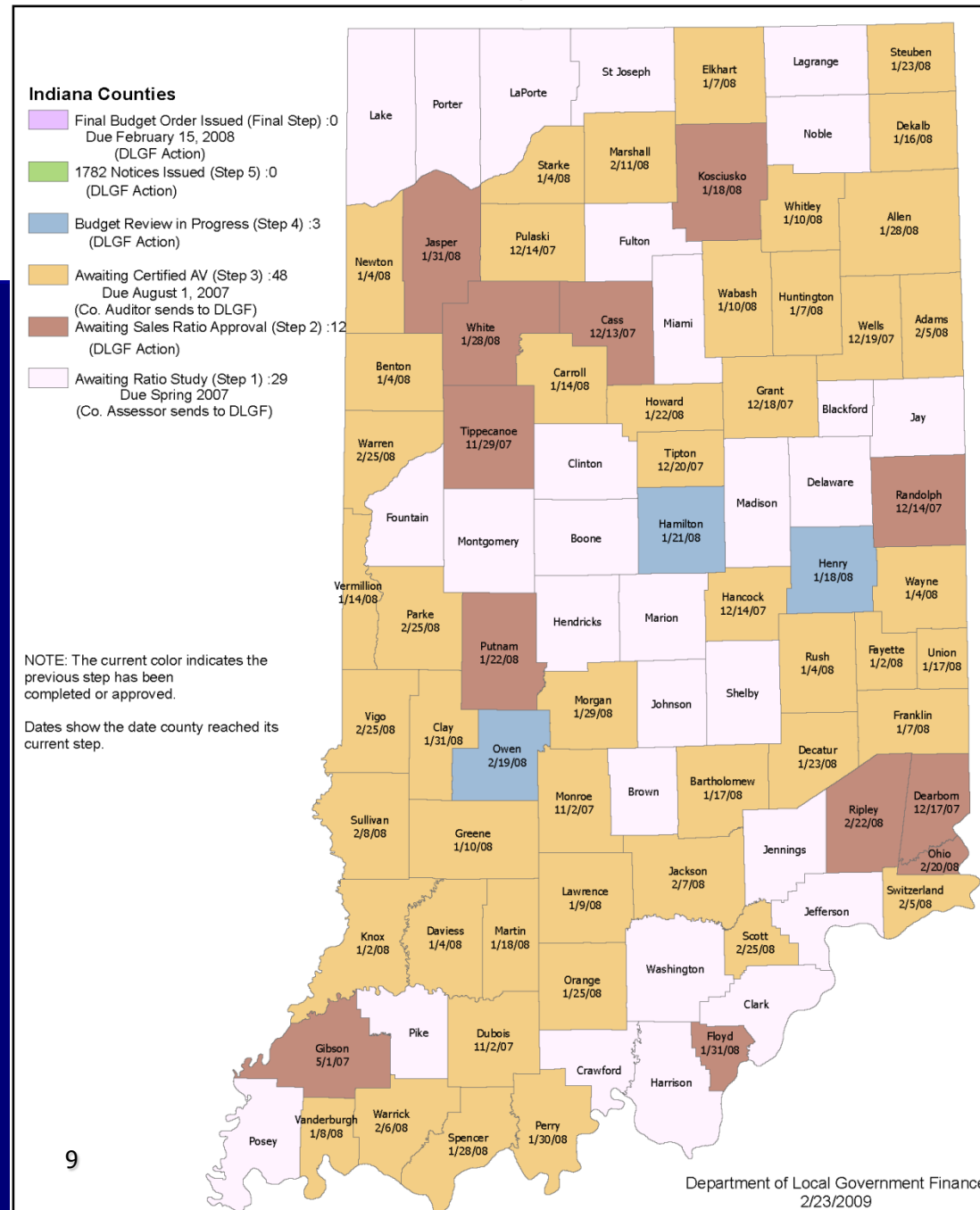


What is the tax assessment to billing process, and who is involved?

Budget to Tax Billing Process



Status Maps:
<http://www.in.gov/dlgf/6827.htm>





2009 Budget Certification status as of Feb. 24, 2009

Status Maps:

<http://www.in.gov/dlgf/6827.htm>

2008 pay 2009 Budget Certification Status Map

Indiana Counties

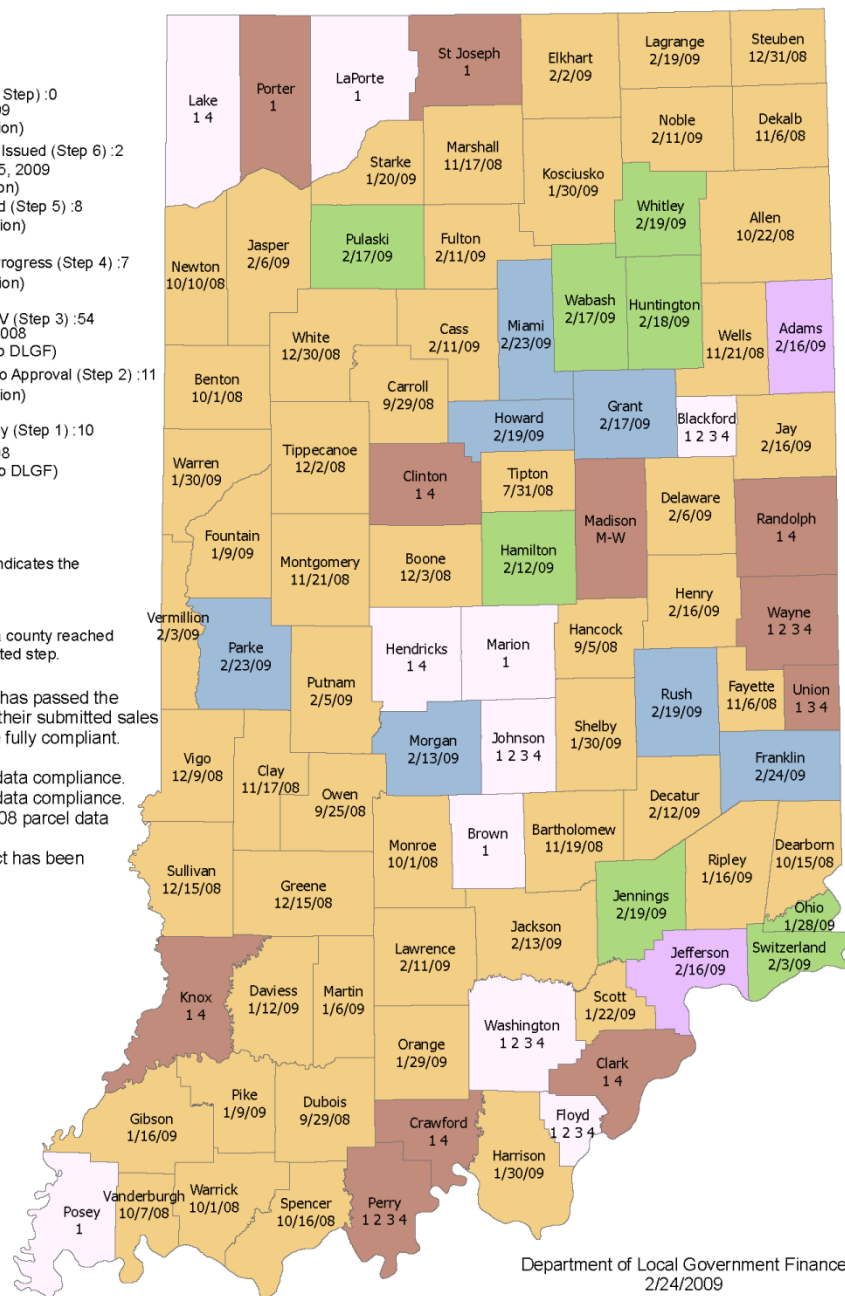
- Tax Bills Due (Final Step) :0
Due May 11, 2009
(Co. Treasurer Action)
- Final Budget Order Issued (Step 6) :2
Due February 15, 2009
(DLGF Action)
- 1782 Notices Issued (Step 5) :8
(DLGF Action)
- Budget Review in Progress (Step 4) :7
(DLGF Action)
- Awaiting Certified AV (Step 3) :54
Due August 1, 2008
(Co. Auditor sends to DLGF)
- Awaiting Sales Ratio Approval (Step 2) :11
(DLGF Action)
- Awaiting Ratio Study (Step 1) :10
Due Spring 2008
(Co. Assessor sends to DLGF)

NOTE: The current color indicates the previous step has been completed or approved.

A date indicates the date a county reached their most recently completed step.

M-W indicates a county has passed the Mann-Whitney test and their submitted sales and parcel data sets are fully compliant.

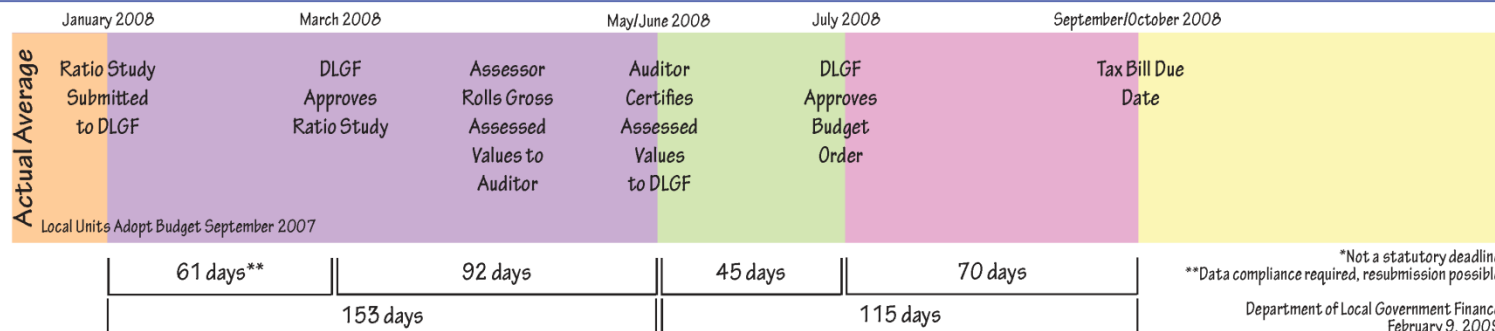
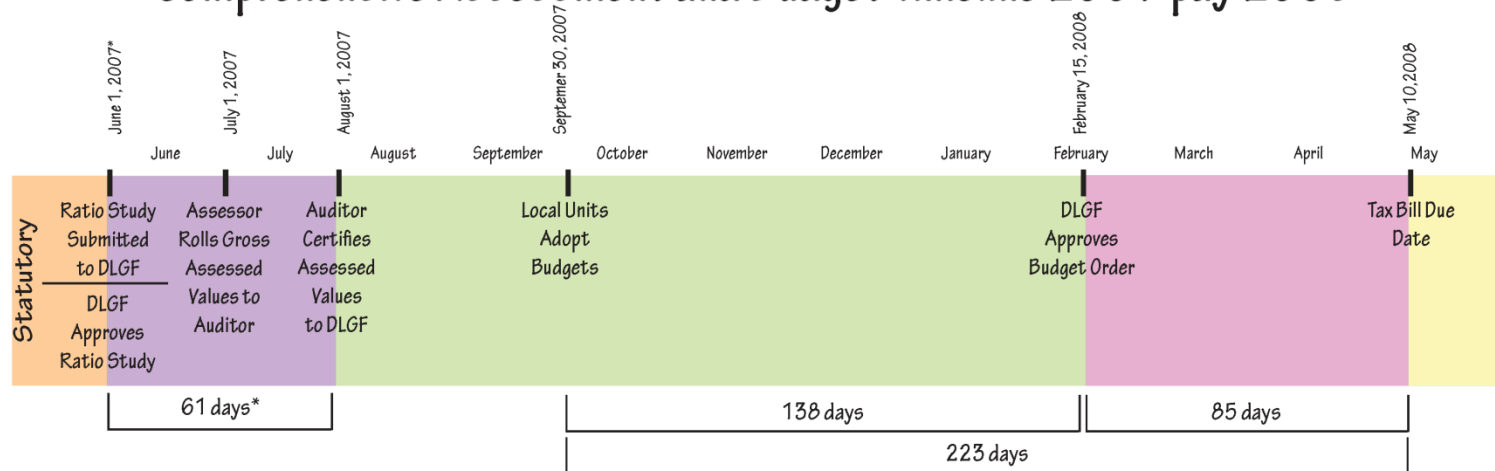
- 1 indicates 2006 Sales data compliance.
- 2 indicates 2007 Sales data compliance.
- 3 indicates 2007 pay 2008 parcel data compliance.
- 4 indicates 2008 abstract has been completed.





How does the process work?

Comprehensive Assessment and Budget Timeline 2007 pay 2008

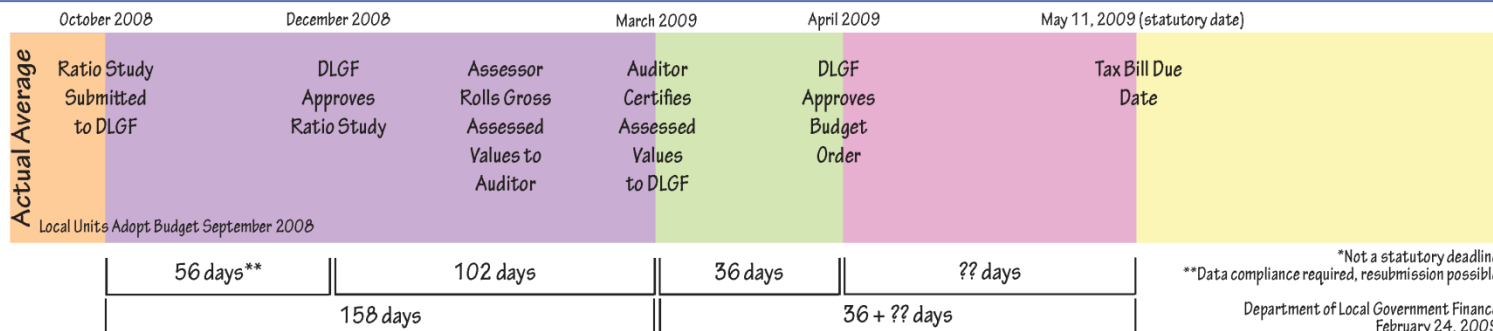
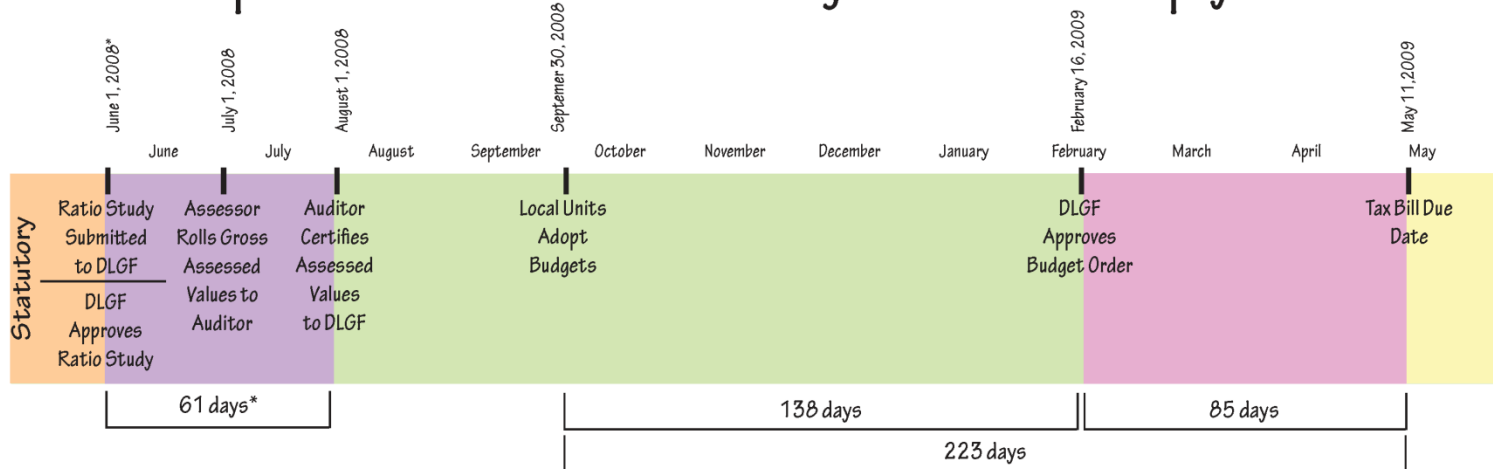


*Not a statutory deadline
 **Data compliance required, resubmission possible
 Department of Local Government Finance
 February 9, 2009



How does the process work?

Comprehensive Assessment and Budget Timeline 2008 pay 2009



*Not a statutory deadline
 **Data compliance required, resubmission possible
 Department of Local Government Finance
 February 24, 2009



Assessment

- Director Barry Wood
 - Phone: 317.232.3762
 - E-mail: bwood@dlgf.in.gov
- Assessment Division Deals with:
 - Adjudications (Personal Property)
 - Equalization (Ratio Studies for the Annual Adjustment process)
 - Mobile Home / Personal Property / Real Property / Agricultural Land / Utility Assessment Questions
 - Abatements – Personal Property
 - Appeal Questions
 - Investment Deduction Questions



Assessment-related Deadlines

- January 1: First day counties wishing to use a professional appraiser as a contractor to perform any of the various assessing duties for the 2011 General Reassessment may enter into a contract agreement. IC 6-1.1-4-20.
- January 15: Annually assessed mobile home assessment date. IC 6-1.1-1-2.
- February 15: Annually assessed mobile home assessments with current year taxes payable should be turned over to the county auditor in preparation for tax billing.



Assessment-related Deadlines

- March 1: Assessment date for all tangible property except annually assessed mobile homes under IC 6-1.1-7. IC 6-1.1-1-2.
- March 1: Last date a real estate assessment can be increased for omitted or undervalued property for the assessment date three (3) years prior to March 1. IC 6-1.1-9-3, -4.
- April 15: Last day counties wishing to use a professional appraiser as a contractor to perform any of the various assessing duties for the 2011 General Reassessment may enter into a contract agreement. IC 6-1.1-4-20.



Assessment-related Deadlines

- May 15: Last day to file a personal property return unless an extension has been granted by the assessing official. IC 6-1.1-1-7; IC 6-1.1-3-7(b).
- May 15: Last day to assess personal property that was not reported by the taxpayer ten (10) years prior to the current year's filing deadline. IC 6-1.1-9-3.
- May 15: Last day a current year not-for-profit exemption application may be filed with the county assessor. IC 6-1.1-11-3.



Assessment-related Deadlines

- July 1: Last day for the county assessor to deliver to the county auditor a detailed list of the real property listed for taxation in the county. IC 6-1.1-5-14.
- July 1: Last day for the county assessor to certify to the county auditor the assessment value of the personal property in every taxing district. IC 6-1.1-3-17(b).
- July 1: The 2009 General Reassessment commences. IC 6-1.1-4-4(b).



Assessment-related Deadlines

- September 15: Last day for a township assessor (if any) or county assessor to make a change on a personal property return filed on or before May 15 of the current year and notify the taxpayer of the change. If the return was filed after May 15, the assessing official has four (4) months from the day of filing to make a change. IC 6-1.1-16-1(a)(1).
- October 30: Last day for a county assessor or a property tax assessment board of appeals to make a change on a personal property return filed on or before May 15 of the current year and notify the taxpayer of the change. If the return was filed after May 15, a county assessor or a property tax assessment board of appeals has five (5) months from the day it is filed to make a change. IC 6- 1.1-16-1(a)(2).



Assessment-related Deadlines

- November 15: Last day an amended personal property return may be filed for the current year unless an extension was granted for the original personal property return. IC 6-1.1-3-7.5.
- December 1: Twenty-five percent (25%) of all parcels in the county must have appraisals completed for the 2011 General Reassessment. IC 6-1.1-4-21.
- December 14: Last day an amended personal property return may be filed for March 1 of the current year if the maximum extension was granted for the original personal property return. IC 6-1.1-3-7.5.



Assessment-related Deadlines

- December 31: Last day an adjustment may be made for a disaster petition filed for March 1 assessment date of last year. IC 6-1.1-4-11.
- December 31: Last day applications for assessed value deductions and credit can be filed with the county auditor or county assessor, if application on sales disclosure form. IC 6-1.1-12-44, -45.



What is reassessment?

Reassessment (IC 6-1.1-4-4(b))

- Assessors physically inspect each property to ensure that records are correct
- Inspection accomplishes the gathering of data appropriate to value the property
 - Does this property still have a free-standing garage and an in-ground pool?
 - Is the building on this property still 1,200 square feet or has it increased/decreased in size?
- Next statewide general reassessment scheduled to begin July 1, 2009 for 2011pay2012 tax bills



What is trending?

Trending (*i.e. annual adjustment*)

- Property values are adjusted (the adjustment can be positive or negative) on an annual basis to bring them closer to market value-in-use. The assessing official uses sales of properties in a neighborhood, area, or class of property from the previous two (2) years to determine the adjustment factor.
- In the past, assessed values were adjusted only after a reassessment, which came as far apart as 10 years. Trending now occurs every year.



Reassessment vs. Trending

- Trending was implemented to supplement, not replace, the reassessments, which current law calls for every 5 years.
- Without trending, reassessments resulted in dramatic shifts in assessed values because the values of properties were typically only adjusted during a reassessment year.
- Trending requires the assessor to annually adjust the value of the property based on market value-in-use, which is primarily determined from sales.



How does trending work?

History of Property Valuation Changes

Tax Year	Property Sales														
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
2009 Pay 2010 (4)													2009 Pay 2010		
2008 Pay 2009												2008 Pay 2009			
2007 Pay 2008											2007 Pay 2008				
2006 Pay 2007 (3)										2006 Pay 2007 (3)					
2005 Pay 2006						No Sales from these years used; No change to 2001 Pay 2002 Values									
2004 Pay 2005															
2003 Pay 2004															
2002 Pay 2003 (2)				2002 Pay 2003 (2)											
2001 Pay 2002		Market Value did not apply; no change in values until 2002													
2000 Pay 2001															
1999 Pay 2000															
1998 Pay 1999															
1997 Pay 1998															
1996 Pay 1997															
1995 Pay 1996 (1)	1995 Pay 1996 (1)														

NOTES:

(1) Reassessment

(2) First use of Market Value

(3) First Annual Trending

(4) DLGF to allow the use of one year of sales only



How does trending work?

- Each year, the assessed value is multiplied by a neighborhood factor.
- Values can go up. . .

2008 assessed value:	\$100,000
Neighborhood factor:	<u>x 1.1</u>
2009 assessed value:	\$110,000



How does trending work?

- Each year, the assessed value is multiplied by a neighborhood factor.
- Values can go up. . .
...or down.

2008 assessed value: \$100,000

Neighborhood factor: x 0.9

2009 assessed value: **\$90,000**



How does trending work?

- Whether values go up or down depends on recent sales prices:

Prices rise



Factor rises



Prices fall



Factor falls





What is a Ratio Study?

- A comparison between sales and assessed values in the county to ensure that market values are being used to determine assessed values.
- Determines if assessments are accurate and equitable (mass appraisal basis).
- Standards can be found in 50 IAC 21.



What is a Ratio Study?

- **Accuracy**

It is measured by the median or average level of assessment for a class of property. For any class of property in a township, it should fall between 90% and 110%.

- **Equity**

It is measured by the coefficient of dispersion (COD). The COD should be $\leq 15\%$ on improved residential property and $\leq 20\%$ on all other classes.

- **Uniformity**

Tells whether low-value properties in a class are over- or under-valued in relation to high-value properties and is measured by price-related differential (PRD).



What is a Ratio Study?

- **Accuracy of Assessments**

Accuracy refers to how close the assessments determined by local assessing officials are to market value-in-use

- **Equity of Assessments**

Equity refers to how uniform assessments are within a class of property or geographic area

Assessments are done on a “Mass Appraisal” basis.



What is a Ratio Study?

- Accuracy and equity are measured by conducting a statistical analysis using an assessment ratio.
- **Assessed Value / Sale Price = Ratio**
 - Example 1: $\$60,000 / \$60,000 = 100\%$
 - Example 2: $\$54,000 / \$60,000 = 90\%$
 - Example 3: $\$66,000 / \$60,000 = 110\%$



What is Sales Chasing, and why is it bad?

- Sales Chasing

Using the sale of a property to trigger a reappraisal of that property at or near the selling price (IAAO Standard on Ratio Studies, 2007).



What is Sales Chasing, and why is it bad?

■ Sales Chasing: Two Identical Houses

House 1



Assessment: \$100,000

House 2



Assessment: \$100,000



What is Sales Chasing, and why is it bad?

■ Sales Chasing: Two Identical Houses

House 1



Assessment: \$100,000
SOLD! For: \$130,000

House 2



Assessment: \$100,000
Did NOT Sell



What is Sales Chasing, and why is it bad?

■ Sales Chasing: Two Identical Houses

House 1



Assessment: \$100,000

SOLD! For: \$130,000

Re-assess: \$130,000

Pays more property taxes

House 2



Assessment: \$100,000

Did NOT Sell

Don't Re-assess: \$100,000

Pays same property taxes



What is Sales Chasing, and why is it bad?

■ Sales Chasing: Two Identical Houses

House 1



Re-assess: \$130,000

House 2



Don't Re-assess: \$100,000

TAX BASE IS SHORT \$30,000!



Operations and Data Analysis

- Director – Jeff Volz
 - Phone: 317.232.3759
 - E-mail: jvolz@dlgf.in.gov
- Operations Division Deals with:
 - Data Compliance / Upload
 - Sales Disclosures
 - Debt / Expenditure Reporting
 - Assists and supports Assessment and Budget
 - Programming
 - Data Analysis



What data is requested from the counties each year, and how is that data used by DLGF and LSA?

Data Requested	Responsible Party	Filing Deadline	Data Use
All Sales Disclosure Data <i>IC 6-1.1-5.5-3; 50 IAC 21-9-1(a)</i>	County Assessor	March 1	To complete annual adjustments, sales ratio studies, equalization, adoption of rules
Tax duplicate information for all real and personal property returns <i>IC 36-2-9-20</i>	County Auditor	March 1	To determine how much property tax actually was billed and to provide a county wide snapshot of property tax billing
Statement certifying the Net Assessed Valuation of the County <i>IC 6-1.1-17-1</i>	County Auditor	August 1	Used in the certification of the county's proposed budgets, rates and levies
Duplicate copies of all approved exemption applications <i>IC 6-1.1-11-8(a)</i>	County Auditor	August 1	Used for the exemption audit report and to provide exemption data to the Indiana General Assembly
All parcel characteristics, parcel assessments, the personal property return characteristics, and assessments <i>IC 6-1.1-4-25(b); 50 IAC 21-9-1(b)</i>	County Assessor	October 1	To complete periodic field surveys and audits, conduct test checks of property valuations, complete coefficient of dispersion studies, and conduct a sales assessment ratio study
Form 15 (Shows the assessed valuation of the different personal property classifications in a particular county.) <i>IC 6-1.1-3-18</i>	County Assessor	October 31	Used for policy decisions and analysis of personal property



Budget

- Director – Karen Large
 - Phone: 317.234.3937
 - E-mail: klarge@dlgf.in.gov
- Budget Division Deals with:
 - Annexations
 - Assessed Value Certification Process (AV's)
 - Bonds / Additional Appropriations/ Tax Control Boards
 - Budget certification - Tax Rates and Values / Levies
 - CAGIT / CEDIT/ COIT/ LOIT related questions
 - Provisional Billing
 - TIF / Fire protection territories and districts / other special districts



Some Budget-related Deadlines

- January 1 - Beginning of new calendar budget year; Year-end cash balances and operating results available.
- January 30 - Units file 2008 Annual Report with State Board of Accounts and report of expenditures to DLGF. IC 5-11-1-4.
- February 15 - DLGF to certify budgets, rates, and property tax levies. IC 6-1.1-17-16.
- March 1 - Units report annexations to the DLGF. IC 6-1.1-1-2.
 - Deadline to establish new taxing units. IC 6-1.1-1-2.
 - DLGF calculates levy excess using December tax distribution. IC 6-1.1-18.5-17.
- April 1 - DLGF reviews budget by fund for each school corporation. IC 6-1.1-17-16(j); Deadline for fiscal schools to advertise/adopt. IC 6-1.1-17-5.6.



Some Budget-related Deadlines

- April 1 - Deadline to create fire protection territory for following year taxes. IC 36-8-19-6.
- April 25 - Last day for county treasurer to mail property tax statements for taxes due May 10. IC 6-1.1-22-8.1.
 - Deadline for first tax rate advertisement for taxes due May 10. IC 6-1.1-22-4.
- May 10 - Deadline for spring property tax payments. IC 6-1.1-22-9.
- May 15 - Last day for library boards to adopt CPF plan. IC 36-12-12-3.



Some Budget-related Deadlines

- June 30 - Spring property tax distribution. IC 6-1.1-27-1.
 - First six (6) months fund balances and operating results available.
 - Beginning of following year's 18 month budget cycle.
 - The DLGF and the Department of Revenue shall jointly calculate the CAGIT or COIT rate that must be imposed in a county to raise income tax revenue in the following year. IC 6-3.5-1.5.
- July 15 - Redevelopment commissions report available TIF surplus to county auditor. IC 36-7-14-39.
- July 31 - Last day for library fiscal body to reject or approve CPF plan. IC 36-12-12-4.
 - DLGF certifies reassessment levies to all counties. IC 6-1.1-4-27.5.
 - Last day to adopt ordinance establishing, increasing, or decreasing COIT (IC 6-3.5-6-8(c)), CAGIT (IC 6-3.5-1.1-2(c)), or CEDIT (IC 6-3.5-7-5(d)). Rates.



Some Budget-related Deadlines

- August 1 - Deadline for county auditors to file certificate of net assessed values and estimates of miscellaneous revenues with units and DLGF. IC 6-1.1-17-1.
 - Deadline to certify the ensuing year's income tax distribution. IC 6-3.5-1.1-9.
- August 3 Deadline for units to submit to DLGF cumulative fund proposals. IC 6-1.1-17-16.7
 - Last day for first publication of proposed tax rate, levy, and budget. Also first notice of public hearing on ensuing year's budget. IC 6-1.1-17-3.
- August 10 Last day for second publication of proposed tax rate, levy, and budget. Also second notice of public hearing on ensuing year's budget. IC 6-1.1-17-3.



Some Budget-related Deadlines

- September 15 - Last day for units to submit proposed budgets, rates, and levies to county councils for non-binding review and recommendation (fifteen (15) days before last day to adopt). IC 6-1.1-17-3.5.
- September 16 - Last day for units with appointed boards to submit budgets to fiscal body for adoption (fourteen (14) days before last day for fiscal body to adopt their budgets). IC 6-1.1-17-20.
- September 19 - Last day for units to file excessive levy appeals for annexation/consolidation/extension of services (IC 6-1.1-18.5-13(1)), 3 year growth factor exceeding 1.02% of statewide growth factor (IC 6-1.1-18.5-13(3)), emergency levy appeal (IC 6-1.1-18.5-13(13)), and correction of error with DLGF (IC 6-1.1-18.5-14). IC 6-1.1-18.5-12.



Some Budget-related Deadlines

- September 20 - Last day for ensuing year's budget public hearing. IC 6-1.1-17-5.
 - Deadline for units to submit TIR worksheets to DLGF. IC 6-1.1-21.2.
 - Deadline for libraries to submit CPF Plans for approval. IC 36-12-12-4.
 - Last day for schools to adopt their Capital Projects Plan and Bus Replacement Plan. IC 20-46-6-8; IC 20-46-5-6.
- September 27 - Last day to file objecting petitions to budget, rates, or levies with local units. IC 6-1.1-17-5(b).
- September 30 - Deadline for units to adopt budgets, rates, and levies. IC 6-1.1-17.5.
 - Deadline for cities and counties to adopt salary ordinance for following year. IC 36-4-7-3.
- October 1 - Effective date for new LOITs imposed before July 31. IC 6-3.5-1.1-2; IC 6-3.5-6-8; IC 6-3.5-7-5.



Some Budget-related Deadlines

- October 3 - Units file adopted budgets with county auditor and Tax Adjustment Board. IC 6-1.1-17-5.
- October 30 - Auditor advertises Tax Adjustment Board approved property tax rates. IC 6-1.1-17-12.
- November 10 - Fall property tax payments due. IC 6-1.1-22-9.
- December 15 - Last day for DLGF to accept additional appropriation requests from units. IC 6-1.1-18-5.
- December 31 - Fall property tax distribution. IC 6-1.1-27-1.
 - End of business for calendar/budget year.
 - Deadline for units to file shortfall excess levy appeals with DLGF. IC 6-1.1-18.5-16.
 - Last day to accept applications for deductions and credits. IC 6-1.1-12-44.



What is a 1782 notice/period?

- DLGF gives political subdivision written notice of any revision, reduction or increase proposed in the subdivision's tax levy or rate.
- Political Subdivision has 2 weeks to respond to the DLGF.
- DLGF considers the adjustments as specified in the response and delivers a final decision to the political subdivision.



What is the growth quotient?

- Calculated by State Budget Agency.
- Assessed Valuation Growth Quotient for property tax levies due and payable in calendar year 2009 is 4.000%.
- Based on the six-year average statewide growth in Indiana Non-Farm Personal Income. IC 6-1.1-18.5-2(b).



How many local option income taxes are there, and how do they work?

■ CAGIT (County Adjusted Gross Income Tax)

- Funds Local Property Tax Replacement Credits (LPTRC) and certified shares
- LPTRC are used by all government units for property tax relief
- Certified shares are used only by civil taxing units for additional property tax relief and for general government purposes

■ COIT (County Option Income Tax)

- Can replace property tax revenue lost by taxing units and school corporations due to the allowance of an increased homestead credit
- Can fund the operation of public communications systems and computer facilities districts
- Can fund the operation of public transportation corporations
- Can finance certain economic development project bonds
- In Marion County, can fund certain redevelopment initiatives
- Can be used to make allocations of distributive shares to civil taxing units



How many local option income taxes are there, and how do they work?

■ CEDIT (County Economic Development Income Tax)

- Used for economic development projects or hazardous waste cleanup in certain counties
- Counties with CAGIT and COIT, may use CEDIT revenues for capital projects.
- A portion of revenues may be used to provide additional Homestead Credits up to the total amount of the residential tax shift in the county resulting from a 100% inventory deduction.



How many local option income taxes are there, and how do they work?

- LOIT (Local Option Income Tax)
 - LOIT to Freeze Property Tax Levy
 - Provide property tax relief to all taxpayers
 - Provide property tax relief to all qualified residential taxpayers
 - Provide homestead credits to all homesteaders
 - Provide any combination of the above
 - LOIT for Property Tax Relief
 - Same as CAGIT or COIT
 - LOIT for Public Safety
 - Same as CAGIT or COIT



Contact The Department

- Telephone: 317.232.3777
- Fax: 317.232.8779
- Web site: www.in.gov/dlgf
 - “Contact Us” : www.in.gov/dlgf/2338.htm
 - Sign up for listservs:
www.in.gov/dlgf/7063.htm